(b) The vessel loaded part cargo of Iron Ore (23384 tons) at Paradip. Since the remaining cargo (approx. 12600 tons) to be loaded from Paradip Port was not ready, the vessel was directed to wait at outer anchorage area. At 1740 hrs on 9th Sept. 2009, the Paradip Port reported that this vessel developed a list of 20 degree to starboard due to shifting of cargo and endeavoured to beach the vessel. The list kept on increasing and reached 30 degree starboard. There was a power failure on the vessel and eventually the vessel capsized and sank at 1902 hrs on 9th Sept. 2009 approximately 2 to 3 miles from the Paradip coast in 15 meters of water. The prevailing weather conditions at that time was wind speed 15 knots and wave/swell height was 2 meters. There were 27 crew members on board. 26 crew were rescued and 1 Ukrainian Chief Engineer went missing. SAR operation was carried out and the body of the Chief Engineer was later recovered from his cabin.

(c) No, Sir. There is no impact on the environment since the leakage of oil was negligible which was retrieved immediately by using a Pollution Control Vessel, equipment and manpower of Paradip Port Trust. Subsequently, the entire quantity of oil stored in the ship has been removed.

(d) Does not arise.

FDI in the shipping sector

1364. SHRI O.T. LEPCHA:
SHRI KALRAJ MISHRA:

Will the Minister of SHIPPING be pleased to state:

(a) whether the Foreign Direct Investment (FDI) in the shipping sector is abysmally low;

(b) if so, the reasons for poor FDI in shipping sector; and

(c) what are the efforts made by Government to enhance FDI in shipping sector?

THE MINISTER OF SHIPPING (SHRI G.K. VASAN): (a) Yes, Sir.

(b) The Indian flag suffers from certain barriers in terms of tax and duty structures which may have impeded the growth of Foreign Direct Investment (FDI). Shipping being an international business with virtually no trade barriers, tends to thrive in regimes which offer tax free climate. Apart from the open flag registries (FOCs like Panama, Liberia Malta, etc.) countries like Singapore, Dubai offer substantial fiscal incentives for ship owning activities. Though India introduced the tonnage tax system for shipping companies in 2004 to bring about a globally competitive level playing field, new taxes in the form of service tax, FBT etc. which were introduced later on, reduced it competitiveness.

(c) The Government introduced the tonnage tax scheme with effect from 1.4.2004 to provide level playing field so that Indian shipping becomes internationally competitive and thereby enhance the FDI in shipping sector. From financial year 2005-06, the tonnage tax benefits have been extended to dredgers also.